

**Housing Authority - County of Los Angeles**

April 21, 2009

To: Each Supervisor

From: Cordé D. Carrillo, Acting Executive Director



**SUBJECT: MONTHLY PROGRESS REPORT ON THE SECTION 8 PROGRAM  
PERIOD OF MARCH 18, 2009 – APRIL 17, 2009**

**Board Directives**

On March 13, 2007, your Board instructed the Housing Authority of the County of Los Angeles (HACoLA) to submit monthly progress reports to remove the Section 8 Housing Choice Voucher Program from its troubled status under the Section 8 Management Assessment Program (SEMAP). In addition, HUD requested monthly reports to the Board on the Family Self Sufficiency (FSS) Program in reference to our Corrective Action Plan (CAP) for FY 2006-07. On June 17, 2008, your Board requested progress reports in obtaining Veteran Affairs Supportive Housing (VASH) Program vouchers. Most recently, on April 7, 2009, your Board instructed HACoLA to submit monthly reports on the status of delinquent reexaminations.

**Troubled Status**

As a result of HACoLA's achievement of a "Standard" performer rating for Fiscal Year 2007-2008 and your Board's approval of the \$1 million repayment agreement with HUD, one item remains outstanding to remove the Section 8 Program from its troubled status. HACoLA has submitted the remaining strategies in the CAP for FYE 2007 and is awaiting HUD approval to close out this matter.

**Reexaminations**

HACoLA is reporting data on reexaminations, its most troubled SEMAP indicator, identified in Fiscal Year 2005 – 06 from two systems: 1) HUD's data reporting system, known as the Public and Indian Housing Information Center (PIC) which monitors delinquencies based on a 14-month cycle; and, 2) HACoLA's internal Yardi software system which monitors delinquencies based on a 12-month cycle.

As of March 31, 2009, PIC reflects 1,358 delinquent reexaminations out of 18,589 contracts in the system (7%). Yardi reflects 2,383 delinquent reexaminations out of 13,884 reexaminations (17%). In addition to a 14-month versus a 12-month comparison, the PIC system reflects the total number vouchers under contract, whereas, Yardi reflects the number of reexaminations due at this point in time.

As of April 9, 2009, Yardi indicates that the Division needs to complete 6,603 reexaminations out of 19,315 by June 30, 2009 for April, May and June 2009. The number of pending reexaminations to be completed is an estimate due to participants being terminated from the program, vouchers porting in and out to other housing authorities, participants in the process of moving from one unit to another, and completed reexaminations during each reporting period.

As instructed by your Board on April 7, 2009, HACoLA will initially provide a monthly status report to eliminate the annual reexamination backlog under separate cover to allow us to develop a comprehensive reporting format. This report will provide the number of reexaminations completed by HACoLA staff and McKay Management Services separately to evaluate individual accomplishments. This report will then be incorporated into the May monthly progress report.

**OIG Audit on Tenant Eligibility and Annual Reexaminations FY 2005 and 2006**

HUD had reported that all recommendations related to this audit finding have been satisfactorily closed except for recommendation 1M, repayment of \$1 million. On April 7, 2009, your Board approved the \$1 million three-year repayment agreement and an enabling resolution. The first payment will be issued by April 30, 2009. This Board action was necessary to remove the Section 8 program from "Troubled" status.

**HUD OIG Financial Audit for Fiscal Years 2005 and 2006**

An OIG financial review began in July 2008, and an audit began in January 2009, of Fiscal Years 2005 and 2006. An exit conference was conducted on January 28, 2009. The OIG audit included a complete financial assessment of our agency. One finding was identified regarding cost allocations to the CDC Divisions. The current methodology was developed by KPMG LLP (a national provider of audit, tax, and advisory services) and subsequently modified to meet the agency's needs. OIG recommended that the Section 8 Program be reimbursed approximately \$3 million from non-restricted funds for allegedly not reasonably and equitably allocating funds in Fiscal Years 2005 and 2006. On March 24, 2009, OIG issued a draft audit report and held an exit conference on April 1, 2009. HACoLA submitted a response to the draft report on April 8, 2009. An OIG final report is pending.

**Corrective Action Plan (CAP) for FYE 2006**

All CAP items for FYE 2006 have been closed, with the exception that one member of the Housing Commission Advisory Board has yet to complete the Housing Choice Voucher Program training. The Housing Commissioner was expected to complete the training on-line but his completion is still pending.

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#### **Corrective Action Plan (CAP) for FYE 2007**

HUD's on-site confirmatory review resulted in a reduction of points for specific SEMAP indicators and a troubled rating for Fiscal Year ending June 30, 2007. HACoLA and HUD finalized a CAP that was approved by your Board on December 16, 2008 with thirty-four (34) PHA strategies. Four monthly submissions addressing all 34 strategies have been sent to HUD. HUD has confirmed that at least 17 of the 34 strategies have been closed. HUD approval of the remaining strategies will remove the Section 8 program from its "Troubled" status rating for FYE 2007.

#### **Confirmatory Review Results for FYE 2008**

HACoLA received a SEMAP score of 113 out of 145 possible points, earning a "Standard Performer" rating. HUD confirmed our score in a letter dated March 26, 2009. This was a major milestone in transitioning the Section 8 Program out of troubled status for FYE 2008.

#### **FSS Program Status**

The 2006-2007 Corrective Action Plan executed between your Board and HUD, instructed HACoLA to submit a monthly performance report on the FSS Program. The FSS program helps participating voucher families obtain employment that will lead to economic independence and self-sufficiency.

Per HACoLA's internal Yardi system, assigned slots for the FSS Program are for 754 families because 28 out of 782 of the original number have graduated from the program. We are not required to replace the 28 families. Our internal reporting rate reflects 462 families enrolled out of 754 (61.3% rate), with 153 families (33.1%) having escrow balances. Escrow accounts are established for families when they earn additional income as a savings to assist them in becoming self-sufficient. Additional earned income is not factored in when calculating their rent contribution. HACoLA is maintaining over a 60% enrollment rate and 30% escrow balances to achieve 8 out of 10 points on this SEMAP indicator. Outreach is being conducted to recruit new Section 8 program participants.

#### **VASH and other Section 8 Program Activities**

HACoLA works with the Housing Authorities of the City of Long Beach and City of Los Angeles (HACLA), who received 70 and 840 vouchers, respectively. On April 14, 2009, a motion was introduced by Los Angeles County Supervisors Yaroslavsky and Antonovich requesting that a letter signed by all five Supervisors be sent to HUD requesting a direct allocation of VASH vouchers to HACoLA due to the increasing need for permanent housing for Veterans.

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The call center averaged 3,048 calls per week and 12,190 total calls for the period of March 10 through April 13, 2009. The average wait time was 1 minute, 46 seconds.

For a 28-day period between March 15 and April 12, 2009, the Los Angeles Housing Resource Center (Socialserve.com) averaged 8,578 total listings; there were 5,346 landlords who provided property listings, and 129,812 housing searches were conducted.

Please contact me if you have any questions or need additional information.

CDC:MB:ML:dt

c: Lari Sheehan, Deputy Chief Executive Officer  
Sachi A. Hamai, Executive Officer/Clerk Board of Supervisors  
Each Deputy